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Value-Based Purchasing in Maryland:
Programs and Opportunities

Presented by Guy D'Andrea
to the
Maryland Health Quality and Cost Council
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Presentation Overview

- The need to define re-define value and incentives in health care
- Existing Maryland value-based purchasing efforts
- Opportunities to catalyze new and expanded value-based purchasing efforts

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About Discern

- Consulting firm focused on improving the health care system by partnering with public and private organizations to create innovative programs that define quality, measure costs, and reward performance improvement.
- Our goal is to create sustainable health delivery models that enhance patient health and lower overall cost.
- We have directly supported value-based health care initiatives in more than 15 states.

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Need for New Incentives

- Current incentives don't work!
  - □ Reward the wrong things
    - :: Volume
    - :: Complexity
  - □ Indifferent to quality and outcomes
  - □ Promotes system fragmentation
  - □ Problems exacerbated by third-party payment
- Value-based purchasing starts with defining desired system performance, and then aligning payment and incentives with those goals

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Integrated Incentives

Patient Behavior → **Quality and Outcomes** → Provider Behavior

- Provider and patient incentive programs need to create a constructive feedback loop.
- Appropriate incentives can produce:
  - Consistent Measures and Accurate Data
  - More Engagement in Care Process Improvement
  - Better Outcomes and Lower Cost

Current Maryland VBP Initiatives

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HSCRC – Quality Initiatives

- Process Measures: Quality Based Reimbursement (QBR) Initiative
  - Reimbursement based on quality-of-care measures
  - Max amount of penalties/rewards is 0.5% of hospitals' revenue ($7.1M for FY12)
- Complications: Maryland Hospital Acquired Conditions (MHAC) Initiative
  - Incentives based on a hospital's actual complication rate vs. target
  - Max incentive was 1% of the hospital inpatient revenue ($13.3M for FY 12)
- Admission-Readmission Revenue (ARR) Hospital Payment Constraint Program
  - Places hospital at risk for cost of readmissions

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Patient-Centered Medical Home

- Maryland Multi-Payer Program
  - 53 participating practices must operate as medical homes (NCQA + quality reporting)
  - 5 largest commercial carriers (excluding Kaiser)
  - Medicaid
  - Practices can earn enhanced payment
  - Support from Maryland Learning Collaborative
- CareFirst
  - 3,600 primary care providers
  - Quality measures
  - Enhanced reimbursement and outcome incentives

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- Implemented by the University of Maryland School of Pharmacy in partnership with DHMH and MPhA
- Pharmacist-based chronic disease coaching and comprehensive medication therapy management
- Includes incentives to increase medication adherence
- 400 participants in Maryland and Virginia
- One large employer achieved $2,000 per participant savings (after program expenses)

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eValue8

- Implemented by Mid-Atlantic Business Group on Health
- National RFI tool used to gather consistent data from health plans about how they promote health, manage disease, and measure and pay providers
- Designed by purchasers and policy experts to support purchaser decision-making

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Other VBP Activities

- 5 CMS-approved accountable care organizations with services areas in Maryland (as of July 1, 2012)
- Health plans implementing consumer wellness incentives
  - □ CareFirst Healthy Blue Advantage
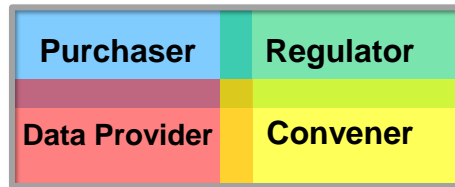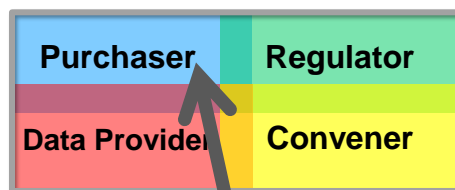 - □ United Healthcare

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State Government as VBP Catalyst

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▶ Public employees
▶ Medicaid
▶ Health Insurance Exchange

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State Government as VBP Catalyst

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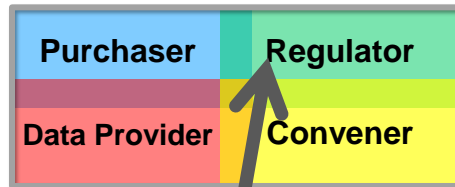
►Regulations on provider payment
►Regulations on consumer incentives
►Hospital rate-setting

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State Government as VBP Catalyst

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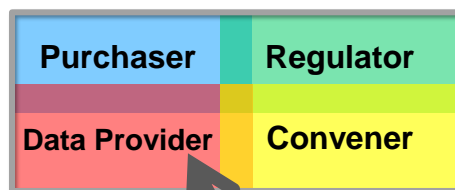
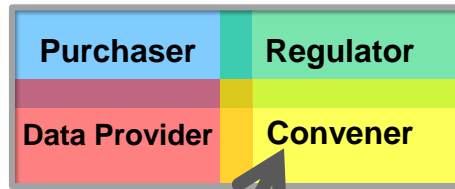►Multi-payer claims database and other information sources
►Cost is a trailing indicator – we need leading indicators
►Need to understand what works and what doesn't

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State Government as VBP Catalyst

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▶Consistent messages increase signal strength
▶Dissemination of health care best practices need to scale up quickly.

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Thank You!

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